

August 7, 2009

Federal Reserve Board
Ref: Credit CARD Act

I am writing this letter in response to the thoughtless move of Congress to include the language of "open-end credit" in the legislation to correct credit card lending.

This simple phrase is causing our credit union a minimum of \$2,500 additional cost per month to comply with an issue that will not solve a single problem. Our credit union membership is mostly postal employees, who are already suffering the consequences of the recession. Now because of this new requirement, we will be forced to either reduce interest we pay on deposits, raise rates on loans or cut services to make up the cost to comply. Then to comply by the August 20 date, we have been scrambling to reprogram computer systems, send letters to borrowers to try and explain what we are forced to do to them. Most members/borrowers have an automatic payroll deduction every 2 weeks to pay on their loan. This is a very efficient process and saves them money over the life of a loan.

To quantify; a \$10,000 auto loan, made on an "open-end lending plan" that almost every credit union uses, at 5% for 6 years paying monthly would be \$1,323.70 in interest, the same loan with biweekly payments would save the member \$620.57 over the life of a loan. Taking this average amount times the 1,750 open-end loans currently on the books plus the \$2,500 per month additional expense for 5 years our membership will lose \$393,989. Should I make our membership aware of this "savings" inflicted by Congress to "protect" them? Congress wants full disclosure on loans.

All of our loan payments now performed by a computer system and no manual intervention will change to sending a paper notice to tell them something they already know about their loan. With this new legislation, we are forced to send a notice/statement monthly at least 21 days in advance. Therefore, we have decided rather than send multiple notices for each biweekly payment and incur even more cost, we are changing all loans to monthly pay. This should make the consumer happy, not. Where were Congress' heads when they dreamed this up? This they thought was a benefit to the consumer?

I would hope that someone with at least half a brain can see the light and correct this brilliant idea. Where was the famous opt-in/out for the consumer to choose? Why such an extremely short window to comply? Please get this fixed.

Sincerely,

James J. Weibert
President/CEO
Central Florida Postal Credit Union